

# Ambition Initiative – Round Two for NAMA Support Projects

## **Frequently Asked Questions (FAQ) and Clarification Notes (CN) I-VI**

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## Abbreviations

ASP	Applicant Support Partner
CN	Clarification Note
CER	Certified Emission Reduction
DPP	Detailed Preparation Phase
FAQ	Frequently Asked Questions (a NAMA Facility document)
FC	Financial Cooperation (component of an NSP)
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse Gas
GID	General Information Document (a NAMA Facility document)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
M&E	Monitoring and Evaluation
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NDCP	Nationally Determined Contribution (NDC) Partnership
NFGA	NAMA Facility Grant Agent
NSO	NAMA Support Organisation
NSP	NAMA Support Project
OECD DAC	OECD Development Assistance Committee
TC	Technical Cooperation (component of an NSP)
TSU	Technical Support Unit
UNFCCC	United Nations Framework Convention on Climate Change
VER	Voluntary Emission Reduction

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## General Issues

### **FAQ 1 What do the terms “enhanced” and “ambitious” NDCs mean in the context of the Ambition Initiative – Round Two?**

As described in section 4.1, only NSPs from countries with ambitious and enhanced first updated or second NDCs presented to UNFCCC until the end of COP26 will be eligible for support.

In the context of this Call, ambitious NDCs are characterised by meeting several or all of the following criteria:

- Compatibility with the globally agreed temperature limit under the Paris Agreement;
- Mitigation target that:
  - implies a significant reduction of economy-wide GHG emissions below business as usual emissions trajectories; and/or
  - includes a rapid reduction of GHG in key emitting sectors with a view to achieving decarbonization; and/or
  - implies an early peaking of GHG emissions and rapid decarbonization thereafter; and/or
  - is aligned with an existing net-zero target.

The NSP Outlines should indicate clearly how the intervention proposed under the NSP would be embedded into the respective ambitious NDCs and therefore why the NSP would meet the targets of the Ambition Initiative – Round Two.

In the context of the Call, raising ambition of NDCs by the national governments can be characterised through (1) strengthening mitigation targets and actions over time; (2) strengthening emissions reduction goals (including the addition of sector-specific targets) or by (3) broadening the scope to include a wider coverage of sectors or gases. Countries may additionally raise ambition by moving from conditional to unconditional targets, shortening timelines, adding policies and measures.

In section 2.4 of the NSP Outline titled “Embedding”, Applicants are required to indicate how the proposed NSP would be embedded into the ambitious NDC and why the NSP would meet the targets of the Ambition Initiative – Round Two.

### **FAQ 2 Can we submit an NSP for a second time, if we were not selected in the previous Call?**

Yes, certainly. If you consider a re-submission make sure you take into account the feedback you were given during the feedback call with the Technical Support Unit (TSU) of the NAMA Facility – an opportunity afforded to all non-selected Applicants – as incorporating these details will surely help your re-submission.

Please also note that some of the eligibility criteria and characteristics of NSPs have changed from previous Calls to the Ambition Initiative – Round Two, so you need to ensure that your previous submission meets those new requirements.

If your application is a resubmission from the Ambition Initiative Call, please make sure to request Annex 7 – Checklist for Resubmissions from the Technical Support Unit (TSU) of the NAMA Facility.

Good to know: While there is no preference for re-submitted NSPs and as a rule, re-submitted Outlines are treated the same as new submissions during the assessment, the NAMA Facility portfolio of NSPs includes a few projects that were selected after they were resubmitted.

**FAQ 3 Can an NSP Outline be submitted to obtain NAMA Facility funds for a project already underway?**

A project already underway would typically not be eligible for NAMA Facility support.

To be eligible in such a scenario, the NAMA Facility-supported element would need to be one project component within a much larger project context, e.g. a transit line within a much larger metro system development, that would not be implemented without the NSP. Keep in mind that it will be crucial to clearly demonstrate additionality of the NSP.

**FAQ 4 At what stage should an Applicant indicate interest to receive > EUR 25 million for the Implementation?**

As described in the GID, section 4.1 “Characteristics of NAMA Support Projects”, the total funding volume requested for the implementation of the NSP should be in the range of EUR 5 – 25 million. In exceptional cases, the total funding volume might deviate from this range. In those cases, Applicants need to indicate this already in their Outline and provide a robust justification.

Please note: Funds > EUR 25 million will only be considered for achieving additional benefits going beyond economies of scale.

**FAQ 5 At what point should a “successful NSPs proving a substantial upscaling potential” apply for the additional budget foreseen to support scale up, and when will a decision be taken if an NSP in implementation is eligible to receive this additional budget for specific upscaling activities?**

Highly successful NSPs having substantial upscaling potential can apply for the disbursement of additional budget towards the end of Implementation Phase 2. There is no need to indicate interest already in the Outline.

The respective request will be reviewed and assessed by the NAMA Facility on the basis of the NSP’s performance during implementation, its potential for upscaling and justification for the need in additional budget which is to be used for specific upscaling activities that are relevant to the original NSP. The decision will be taken by the Donors of the NAMA Facility and will be subject to the availability of funds.

**FAQ 6 Is it possible to obtain a successful NSP Outline as a reference?**

No, the NAMA Facility is not authorized to share or publish NSP Outlines it has received in previous Calls.

On the NAMA Facility’s website you can find a fictional [Outline](#) that featured in a [7<sup>th</sup> Call webinar](#) and was developed by the TSU as a guide for 7th Call applicants. Please note, that this Outline does not respond to the new characteristics of the Ambition Initiative – Round Two, e.g. enhanced and ambitious NDCs, but can nonetheless provide valuable input on other characteristics of a successful NSP.

Good to know: Before submitting your NSP Outline, you are encouraged to consult the document [“Critical Questions and DOs and DON’Ts”](#) developed by the NAMA Facility to support Applicants / ASPs.

**FAQ 7 Can questions be submitted after the last round of Clarification Note?**

No, in this case, it will not be possible to ensure a fair and competitive Ambition Initiative – Round Two. Please make sure to submit your questions at least two days before the publication date of the

last round of Clarification Notes, i.e. by 18 April 2022, so that your enquiry can be addressed in the last round of Clarification Notes.

Good to know: There is a dedicated clarification policy and process in place, through which you can submit your question to the NAMA Facility. More information can be found on our [website](#).

**CN I-01 Can the NAMA Facility provide examples of updated NDCs that would meet the criteria / sub-criteria of enhancement and ambition as outlined in the General Information Document (GID)?**

A fictional example of how an updated NDC can feature an increased level of ambition and enhancement has been provided as part of the [Webinar I "Introduction to the Ambition Initiative - Round Two"](#). Please note that there are several ways in which updated NDCs can raise ambition and the level of enhancement to fulfil the requirements as defined in the [GID](#).

Please also note that in the course of the Ambition Initiative, the NAMA Facility does not express its views on the level of ambition and enhancement of individual updated NDCs. For details on the criteria and the assessment process please consult FAQ 1 and refer to the GID, sections 4.1 and 5.1.3.

**CN I-02 Can it be expected that the deadline for updating NDCs for countries to be eligible under the Ambition Initiative - Round Two (currently end of COP 26) will be revised to accommodate countries that are still working on the enhancement of their sectoral targets?**

As stated in the GID, only NSP Outlines proposed for countries that have submitted an enhanced and ambitious NDC to UNFCCC by the end of COP 26 (13 November 2021) will be eligible to participate in the Call. There is no expectation that the deadline of the Call will be extended.

**CN I-03 Where potential applicants can find examples of successful NSP Outlines from the first round of the Ambition Initiative Call?**

Information about the NSP Outlines selected for further elaboration during the Detailed Preparation Phase (DPP) can be found on the NAMA Facility website under this [link](#).

**CN I-04 Where can a potential applicant find recordings of webinars on the Ambition Initiative - Round Two? Can presentations featured during the webinar be shared with the participants?**

The NAMA Facility publishes recordings of its webinars as well as uploads presentations featured during the webinars to the dedicated webpage under each new Call for Projects. In case of the Ambition Initiative - Round Two, the recordings of the webinars can be found [here](#). The Webinar I "Introduction to the Ambition Initiative - Round Two" and the respective presentation are accessible directly through [this link](#).

**CN I-05 Would the NAMA Facility share lessons learnt from the first round of the Ambition Initiative Call?**

The NAMA Facility is a learning and knowledge hub and intends to share lessons learnt from the NAMA Support Projects (NSPs) as well as from the Calls for Projects. In particular, lessons learnt from the first round of the Ambition Initiative Call have informed and will be incorporated in the content of webinars and FAQs under the Ambition Initiative - Round Two and have been accommodated through the adjustments of an NSP Outline template and Annexes.

**CN II-01 Could you specify whether Ambition Initiative - Round Two is open to a submission of new NSP Outlines? The current concern is that the Call, as it is a "second round", will only consider NSP Outlines that have successfully passed Ambition Initiative - Round One.**

The Ambition Initiative - Round Two is an independent new Call of the NAMA Facility and is open to both new NSP Outline submissions and re-submissions from the previous Calls of the NAMA Facility.

**CN III-01 Could the NAMA Facility provide any sectorial guidance and/or lessons learnt related to the transport sector and e-mobility?**

Lessons learnt by the NAMA Facility from previous Calls based on the assessment of proposed NSPs in the transport sector have been presented as part of the 5th and 6th Calls and are available in a form of both webinars ([5th Call](#), [6th Call](#)) and presentations ([5th Call](#), [6th Call](#)). Applicants are strongly advised to consult these and other NAMA Facility sources such as the checklist "[Before You Submit the NSP Outline: Critical Questions & DOs and DON'Ts](#)" as well as a newly published [Mitigation Guidelines](#). The latter do not focus on the transport sector specifically but provide a detailed step-by-step guidance for applicants in calculating their GHG emission reductions featuring a few sector-specific examples. You may also consult the existing NAMA Facility Portfolio for the examples of NSPs in DPP or Implementation in the transport sector.

**CN IV-01 Could you provide us with the list of countries that are part of the NDCP and that have Partnership Plans?**

Please refer to the [website](#) of the NDC Partnership for further information.

**CN V-01 Do you have any compilation of lessons learnt on gender equality and gender mainstreaming activities in the NSPs?**

So far, the NAMA Facility has not published any specific guidance or lessons learnt regarding activities that target gender equality and gender mainstreaming. Please check the [NAMA Facility website](#) regularly in order not to miss any new publications.

**CN VI-01 Assuming that as part of an NSP in implementation items are procured, e.g. a renewable energy technology, and private sector actors contribute co-funding for the purchase of this item: Will those assets become the full property of those private actors?**

Depending on the details of the case in question, generally those assets will become the property of the private actors investing. However, please keep in mind that all NSPs need to serve a public-benefit purpose and beneficiaries of NSPs must be selected in an open and transparent way.

**CN VI-02 According to GID, the potential NSO(s) are required to have experience with the implementation of projects with a similar funding volume as requested from the NAMA Facility. In case of two different NSOs managing different NSP components, would each of the NSOs be required to demonstrate its ability to manage funding comparable to the amount that it will be managing as part of the NSP?**

Yes, among other eligibility criteria, an NSO or NSOs that will be responsible for the implementation of the NSP (upon a successful submission and selection of the NSP Proposal after DPP), are required to demonstrate their experience with funding volumes comparable to the budget they will manage as part of the NSP.

Please note that an NSO can be different from an Applicant or Applicant Support Partner (ASP). An NSO or NSOs can be identified and nominated within the first three months of DPP in case of a successful selection of an NSP Outline.

## Selection Criteria

### **FAQ 8 Is it necessary for the NSP Outline to be directly linked to a specific NAMA?**

No, this is not required. The NAMA Facility does not require a NAMA to be registered with the UNFCCC nor a direct link between the NSP and a NAMA in order to be eligible for support. Despite its name, the NAMA Facility supports a wide range of mitigation actions, including sector programmes and initiatives, as long as they are in line with a country's first updated or second NDC and endorsed by the national government.

### **FAQ 9 Do the sectors targeted by NSPs have to be mentioned in the first updated or second NDC?**

Yes, NSPs should target sectors explicitly included in the first updated or second NDCs.

### **FAQ 10 Will we be penalized in scoring if we take very conservative approaches in measuring project results?**

Not at all. Applicants are highly encouraged to only propose what is truly realistic to be achieved. If the NSP Proposal deviates from the initial NSP Outline in terms of proposing significantly lower ambition criteria (not only direct mitigation and financial leverage, but also transformational change), the NSP risks not being considered for the Implementation Phase. Therefore, Applicants are encouraged to base their estimates on conservative figures from the very beginning.

All assumptions underlying the mitigation potential and financial leverage should be realistic and in case of uncertainties, applicants should take a conservative approach. In particular, GHG emission reductions over the lifetime of infrastructure projects should take into account the temporal impacts of planning and timescale of investments, including allowances for permitting, planning and procurement, amongst others, in relation to the lifetime of the NSP. During the assessment of NSP Outlines, the underlying assumptions and numbers are subject to rigorous plausibility checks.

For example, in order to reach a goal of installing and operating 100 units of a mitigation technology, you would likely need to work on a lot more than 100 units, as some might not enter operation at all and some might encounter technical or financial defaults during operation. In short, not every activity that is begun will be concluded successfully. Therefore, in order to achieve 100 units, one will have to work on 100+x units and include these into the financial model and factor this in when estimating the expected GHG mitigation effect.

### **FAQ 11 How does the NAMA Facility assess the scalability of NSPs in the context of transformational change?**

During the assessment process, it is evaluated, whether upscaling or replication is foreseen at the national or even regional level. It should be clear how the project intends to effect a transformation, including specific activities and / or financial mechanism(s) intended to scale up or replicate the successful impacts of the NSP beyond its boundaries.

**CN I-06 How does the NAMA Facility define "leveraged" funds and in which form these additional funds can be provided?**

The NAMA Facility defines "leveraged funds" as additional funds that will become available for investments in the NSP, that would not be spent on the same purpose in the absence of an NSP. Please take a look at the NAMA Facility Monitoring and Evaluation Framework, pp. 51 & 54, to better understand the nature of the financial leverage/mobilisation by the NSP.

The financial leverage can be of a private or public nature, where the public sector leverage is usually achieved by public sector instruments (e.g. tax incentives, subsidies etc.) and/or government (in-kind) contributions, and the private sector leverage is achieved through the direct participation of the private sector stakeholders in the financial mechanisms and products offered by the NSP, e.g. in a form of a collateral, equity, loan guarantee etc.

**CN I-07 Does the NAMA Facility define a specific share or threshold that public and / private co-financing need to amount to?**

The NAMA Facility does not set a minimum threshold for the private and public leverage. It is important to demonstrate how the mitigation technology or practice proposed in the NSP will be financed and showcase that the NSP will create favorable market conditions for further uptake and upscaling of the mitigation technology or practice. For additional details please consult FAQ 40.

**CN II-02 Is it expected that the funding provided by the NAMA Facility covers the entire cost of the NSP implementation or only a part of it?**

The funding that can be provided by the NAMA Facility for a NSP Implementation as part of the Ambition Initiative - Round Two can lie in the range between EUR 5 and 25 million and can cover a full cost of the NSP Implementation or a part of it if the NSP is co-financed through other public and / or private sources of financing. At the same time, NSPs are expected to propose financial mechanisms that enable the leveraging of public and private funds in order to make best use of the funding provided by the NAMA Facility to the NSP (for details, please refer to FAQ 36). While there is no specific share or threshold that public and / private co-financing needs to amount to, it is important for each NSP to demonstrate how the mitigation technology or practice proposed will be financed and showcase that the NSP will create favorable market conditions for further uptake / replication and upscaling of the mitigation technology or practice. Further details with regard to leveraged funds can be found in CN I-07, FAQ 40 and FAQ 52.

**CN IV-02 Can you please further define the term "implementation ready" as used in the GID?**

Readiness refers to the degree of maturity and the level of detail in the elaboration of an NSP. Activities to prepare a project to the implementation (e.g. signing agreements with the partners, establishing the financial mechanism etc.) are generally referred to as readiness activities. In that sense, the NAMA Facility considers a NAMA Support Project to be "implementation ready", when it can be practically implemented (incl. the planned scope and scale) after a short phase of a detailed preparation. The NAMA Facility funding cannot be used to finance research activities or conceptual development of climate change mitigation technologies.

**CN VI-03 Are projects with a focus on social issues that also support low-carbon development prioritized in the selection process?**

The NAMA Facility's focus is on supporting the implementation of mitigation actions. As we are looking for NSPs that have the potential to trigger transformational change towards carbon-neutral development pathways, significant co-benefits (social, economic, environmental) are considered



important drivers for transformational change. In short, while the focus of the NSP should be on mitigation action, social and other co-benefits are positively evaluated as part of the potential for transformational change.

## Eligibility of countries

### **FAQ 12 Which countries are eligible, and which are excluded from receiving support from the NAMA Facility?**

In order to be eligible for NAMA Facility support, the country of implementation must be listed on the so-called OECD DAC list of recipient countries throughout the entire Implementation Phase. Countries and territories not listed on this list are excluded from NAMA Facility support. The most recent OECD DAC list is published [here](#).

In addition to that, under the Ambition Initiative – Round Two, only countries that presented enhanced and ambitious first updated or second NDCs to UNFCCC until the end of COP26 will be eligible for support.

### **FAQ 13 If a country's first updated or second NDC is under preparation, but not yet finalized and submitted by the end of COP26, will the country be non-eligible to participate in the Ambition Initiative – Round Two?**

Yes, the submission of an enhanced and ambitious first updated or second NDC to UNFCCC until the end of COP26 is an eligibility criterium that all Outlines need to comply with. More information on the eligibility criteria for Outlines can be found in the GID, section 5.1.3 “Outline Assessment Criteria”.

Please note that all first updated or second NDCs, considered as such by UNFCCC and featured in the [interim NDC registry](#), will be treated by the NAMA Facility as the country's first updated or second NDC respectively, even if they are presented as an interim version (incl. interim technical report/summary) of the first updated or second NDC. This way, the NAMA Facility will be able to proceed with assessing their eligibility in terms of enhancement and ambition as stipulated in the GID.

### **FAQ 14 Is a participation in the NDC Partnership a prerequisite for being eligible in the Ambition Initiative – Round Two?**

No, it is not a prerequisite to participate in the NDC Partnership (NDCP). However, if a country is a member of the NDC Partnership, the NSP needs to demonstrate a high level of alignment with the Partnership Plans developed within the framework of the NDCP, as far as these exist. In countries where economic advisors have been deployed with support from the NDCP, it is highly recommended to link the NSP with the work of the advisors.

### **FAQ 15 Does the NAMA Facility have any preference or priorities for country groups or regions?**

No, the NAMA Facility does not prefer any country group or region over others.

### **FAQ 16 Can a country apply in the Ambition Initiative - Round Two if it has already received support from the NAMA Facility?**

Yes, it can. The NAMA Facility seeks to select the most ambitious NSPs submitted in a Call; it does not have a regional or country-specific focus. Therefore, previous funding decisions do not exclude a positive funding decision in the Ambition Initiative - Round Two of the NAMA Facility.

**FAQ 17 Can a country submit more than one NSP Outline in the Ambition Initiative - Round Two?**

Yes, this is possible. Each NSP Outline is assessed on its own merits based on the same selection criteria, regardless of whether it comes from the same or different countries. Please note that for each NSP Outline, a complete separate NSP Outline including Annexes should be submitted.

**FAQ 18 Are cross-border and /or regional projects eligible for funding in the Ambition Initiative - Round Two?**

NSPs in the cross-border but also regional contexts are eligible.

Please note that for all countries involved, the political commitment, readiness, implementation structure, etc. would be assessed. Endorsement letters from national ministries of all involved countries are required.

In addition, such cross-border or regional approaches would need to demonstrate a common “raison d’être”; for instance, several small island states of a region could join forces within one NSP in order to achieve a reasonable project size and scaling effects. However, it would be difficult to make a case for the common raison d’être simply because an organisation is active in three or four countries across a continent.

**CN I-08 It is stated in the GID, that in order to be eligible under the Ambition Initiative – Round Two, countries have to submit their first updated or second NDCs to UNFCCC by the end of COP 26. Which date exactly would that be?**

COP 26 in Glasgow officially ended on 13 November with the adoption of the “Glasgow climate pact”, one day after the scheduled conclusion. Therefore, in order to be eligible under the Ambition Initiative – Round Two, countries shall have their first updated or second NDCs submitted to UNFCCC by 13 November inclusively.

**CN I-09 If the updated NDC is submitted to UNFCCC by the closure of the Ambition Initiative - Round Two, would the country be eligible to participate in the Call?**

No. In order for a country to be eligible under the Ambition Initiative - Round Two, the updated (i.e. first updated or second) NDC shall be submitted to UNFCCC by the end of COP26 (13 November 2021). If this deadline is not met, the country will not be eligible under the Ambition Initiative - Round Two. For additional information on eligibility criteria please refer to the GID, section 5.1.3 and to the [Webinar I "Introduction to the Ambition Initiative - Round Two"](#).

**CN I-10 Is it possible to receive from the NAMA Facility an individual confirmation of a country's eligibility based on the criteria of enhanced and ambitious NDCs?**

In the course of the Ambition Initiative - Round Two, the NAMA Facility will not express its views on the level of ambition and enhancement of individual updated NDCs. For details on the criteria and the assessment process please consult FAQ 1 and the [Webinar I "Introduction to the Ambition Initiative - Round Two"](#) as well as refer to the GID, sections 4.1 and 5.1.3.

**CN I-11 Does the NAMA Facility and in particular its current Call, the Ambition Initiative - Round Two, has a specific country, regional or sectoral / thematic focus? Can a regional project be submitted?**

The NAMA Facility does not have a specific regional, country or sectoral / thematic focus. The NAMA Facility also does not exclude regional and cross-border projects. These principles apply to ALL Calls for Projects of the NAMA Facility. For more details please refer to FAQ 18 and FAQ 30.

**CN II-03 Can a country be considered ineligible under a NAMA Facility Call in cases of security concerns or open conflicts?**

All countries that are listed on the so-called OECD DAC list of recipient countries throughout the entire Implementation Phase of a proposed NSP are eligible to receive funding from the NAMA Facility. Depending on the design and geographic scope of a proposed NSP, security concerns might be taken into account during the Outline assessment process in case the security situation can significantly undermine the possibility of a full-scale successful implementation of a NSP and/or may severely negatively affect up-scaling ambitions of a NSP. In addition, if the NSP is selected for a Detailed Preparation Phase (DPP), during DPP, the NSO(s) will undergo a two-staged Due Diligence process that will take into account institutional risks linked to the existence of a conflict or a tense security situation. Nevertheless, as an individual criterion, an existence of a conflict and / or a tense security situation will not lead to an automatic exclusion of the NSP Outline or a country the NSP is planned to be implemented in from the participation in a Call of the NAMA Facility.

**CN III-02 Are there any additional eligibility criteria for implementing countries besides their ODA-eligibility according to the OECD DAC-list and the submission of updated first or second NDCs to UNFCCC? Is participation in the NDC Partnership mandatory?**

The full list of eligibility criteria applied to NSP Outlines submitted under Ambition Initiative - Round Two is provided on p. 13 of [GID](#). Overall, it is correct that a country in which the NSP is to be implemented should have its first updated or second NDCs submitted to UNFCCC by the end of COP 26 in Glasgow (13 November 2021) as well as should be ODA-eligible according to the OECD DAC-list throughout the entire NSP implementation period. There are no further eligibility criteria for countries penetrating to the participation in climate initiatives or partnerships.

Please also refer to FAQ 14.

### **Eligibility of Applicants and Applicant Support Partners (ASP)**

**FAQ 19 Can a ministry or an entity submit more than one application, or be involved in more than one NSP Outline submission?**

Yes, this is possible. There is no limit – ministries or legal entities can be involved in more than one NSP Outline submission.

**FAQ 20 Does the NAMA Facility apply some sort of accreditation system for potential Applicants?**

No, the NAMA Facility does not apply an accreditation system for potential Applicants. The qualification and eligibility will be assessed during the assessment phase.

For more information see GID, section 5.1.1 “Applicants in the Outline Phase” and Annex 2 “Indicative list of specific eligibility criteria for Applicants, Applicant Support Partners and NAMA Support Organizations”.

**FAQ 21 Can governments be directly contracted for the Detailed Preparation Phase (DPP) or Implementation?**

The NAMA Facility cannot directly contract national ministries for the DPP or implementation due to administrative reasons. If the Applicant is a national ministry, then the NAMA Facility requires the nomination of an ASP (that is a legal entity) as the contracting partner for providing the funding support during the DPP. For a potential implementation, a NAMA Support Organisation (NSO) needs to be nominated (with a legal entity) that will become contracting partner for the implementation (see also GID section 5.1.1 “Applicants in the Outline Phase“ and 5.2.2 “Applicants in the Proposal Phase/NSOs”).

**FAQ 22 What is the difference between an Applicant and an ASP?**

The Applicant submits the NSP Outline to the NAMA Facility.

The NAMA Facility cannot directly contract national ministries for the DPP due to administrative reasons. If the Applicant is a national ministry, then the NAMA Facility requires the nomination of an ASP (that is a legal entity) as the contracting partner for receiving the funding support during the DPP.

If the legal entity submits the NSP Outline itself, the legal entity would be called the Applicant. The legal entity would be required to have the endorsement from the relevant national ministries to submit the NSP Outline. An additional ASP would not be required.

In both cases, sections 1.4 “National Ministry 1”, 1.5 “National Ministry 2” and 1.6 “Applicant / Applicant Support Partner” of the NSP Outline template must be completed and endorsement letters from the national ministries must be submitted.

Good to know: The NAMA Facility introduced these options to ensure broad accessibility for potential Applicants. In the event that a national ministry submits an NSP Outline but is unclear about the eligibility of the designated ASP, this can be discussed during the assessment. If found ineligible, the legal entity might be replaced with another as part of the assessment and contracting process for the DPP.

**FAQ 23 Can the ASP be a consortium?**

Yes, in justified cases, the ASP can be a consortium. The NAMA Facility does not set an upper limit to the number of organisations in a consortium but recommends keeping the number as small as possible. When a consortium is formed, the roles of all partners must be well defined, and a lead consortium member should be identified to become the contractual partner for the NAMA Facility Grant Agent (NFGA). This partner is then the funding recipient and can forward funds to the other consortium partners. In the NSP Outline, the consortium partners for the ASP should be described in NSP Outline section 1.6 “Applicant / Applicant Support Partner” and Annex 3 “Applicant or Applicant Support Partner”.

Good to know: All consortium partners will be subject to an eligibility check before the grant contract is concluded. A formalised consortium is not a prerequisite for eligible entities to co-operate under one NSP.

**FAQ 24 Can a local non-governmental organisation apply?**

Yes, a local non-governmental organisation can apply if it receives sufficient endorsement from the government institutions relevant for the implementation of the NSP and if it complies with the capacity requirements listed in the GID, section 5.1.1 “Applicants in the Outline Phase”.

**FAQ 25 What is the difference between the Applicant and NSO and who is doing what during which phase?**

The Applicant is the institution submitting the NSP Outline to the NAMA Facility, in some cases together with the ASP. The Applicant or ASP become the contracting partner for the DPP and develop the NSP Proposal during the DPP.

The NSO will become the contractual partner for the potential implementation phase of the NSP and it will be responsible for executing the NSP. The Applicant or ASP can serve as an NSO if it complies with the capacity requirements listed in the GID, sections 3.4 “Applicant, Applicant Support Partner (ASP) and NAMA Support Organisation (NSO)”, 5.2.2 “Applicants in the Proposal Phase/NSOs” and Annex 2 “Indicative list of specific eligibility criteria for Applicants, Applicant Support Partners and NAMA Support Organizations”. Alternatively, an NSO can be identified not later than three months into the DPP.

**FAQ 26 Can a legal entity act as Applicant/ASP and as NSO?**

Yes, a legal entity can act as Applicant/ASP and NSO if it complies with the capacity requirements for NSOs. The distinction between the two roles was introduced to extend the possibility of participation in NAMA Facility Calls to entities that have the experience and capacity to *design* projects without necessarily having the mandate, experience or capacity to *implement* them.

Note that the capacity requirements for NSOs are higher than those for Applicants/ASP. For more information see GID section 5.1.1 “Applicants in the Outline Phase”, 5.2.2 “Applicants in the Proposal Phase/NSOs” and Annex 2 “Indicative list of specific eligibility criteria for Applicants, Applicant Support Partners and NAMA Support Organizations”.

**FAQ 27 Is it possible to have one organization as the NSO for the technical part of the NSP and another organization as the NSO for the financial part of the NSP?**

Yes, this is possible. The NAMA Facility has several NSPs in its portfolio where one NSO is responsible for the financial cooperation and another for the technical cooperation. In this case, the NAMA Facility would expect very close collaboration and alignment between the two NSOs and their activities. In addition, the NSP Proposal at the latest should clearly describe the division of roles and responsibilities between the two NSOs.

**FAQ 28 Must an NSO already be identified at the NSP Outline submission stage?**

If an NSO is not identified at NSP Outline submission, it can be identified later, up to three months into the DPP.

**FAQ 29 How far is the consideration of commercial entities as ASP / NSO further enabled?**

In the Ambition Initiative - Round Two commercial entities are eligible to act as Applicants, ASP or NSOs (see GID, section 3.4 “Applicant, Applicant Support Partner and NAMA Support Organisation”). Similar to any other organization applying as part of a Call, commercial entities will undergo a legal

review, in particular concerning the public-benefit purpose of each project and the non-violation of EU state-aid law, before possible funding will be granted through the NAMA Facility.

Considering the mandatory public benefit purpose of each NSP, national and international commercial organisations are encouraged to submit NSP Outlines and NSP Proposal in a partnership with a not-for-profit organisation, e.g. a national NGO, regardless of the possibility to also submit such NSP Outlines and NSP Proposals on their own.

Please note: As specified in the GID, section 4.1 “Characteristics of NAMA Support Projects”, no individual economic advantage, commercial benefit, profit for the Applicant, ASP, NSO or any implementing partner must be generated with the use of NAMA Facility funding.

**CN III-03 If the applicant is a public institution, is it obliged to involve an Applicant Support Partner (ASP)?**

If an NSP Outline is submitted by a national ministry, a separate legal entity should be identified as the Applicant Support Partner (ASP) for contracting during the DPP. The ASP must comply with certain capacity and eligibility criteria as also further detailed in 5.1.1 and Annex 2 of [GID](#). Please refer to FAQ 21 for details.

In case when an NSP Outline is submitted by a national legal entity other than a national ministry, e.g. development banks, development funds, public utilities, public agencies, foundations, national non-governmental organisations (NGOs), commercial organisations, etc., these legal entities can serve as applicants and do not need an ASP.

**CN IV-03 Do NSOs need to be accredited for being eligible to receiving NAMA Facility funds?**

NAMA Facility does not require NSOs to go through an accreditation process. NSOs will be subject to an enhanced due diligence process initiated by the NFGA during the DPP, that encompasses an examination of the administrative and financial procedures and capacities as well as an assessment of the general capability of the NSO to implement the proposed NSP. More information on the capacity requirements to be fulfilled by NSOs can be found in [GID](#), section 5.2.2 “Applicants in the Proposal Phase/NSOs” and Annex 2.

**CN IV-04 Are public Universities eligible to become Applicant / ASP and to execute the NAMA Facility funding? Would a University have to establish an alliance with a governmental ministry in order to being eligible?**

Yes, a public university can apply and upon success execute the funds if it receives sufficient endorsement from the government institutions relevant for the implementation of the NSP. To prove that, besides the provision of an endorsement letter as part of the NSP Outline, no formal alliance needs to be established.

Please note that the public university as an Applicant / ASP should comply with the capacity requirements listed in [GID](#), section 5.1.1 “Applicants in the Outline Phase” and Annex 2.

**CN V-02 According to GID, Applicants/ASPs in the Outline Phase are required to have experience with project development and/or project management referencing at least 5 projects of similar funding size as the NSP. Does the "funding size as the NSP" refers to the Detailed Preparation Phase (DPP) or to the potential implementation budget of the NSP? What would be the acceptable "similar" range?**

Applicants or ASPs in charge of implementing the DPP of an NSP Outline selected must have capacities to effectively manage the DPP. Thus, at the Outline Phase, they are required to demonstrate their experience with funding volumes comparable to the budget requested for the DPP. As currently there is no specific definition of what “similar” funding size can be, a deviation of up to +/- 20% from the DPP budget requested would be a sensible proxy.

Please note: At the latest three months from the start of the DPP, the NSO(s) need(s) to be identified and confirmed. Eligibility criteria for the NSOs for the NSP implementation are different, and more demanding, than for the Applicants/ASPs submitting an Outline. Please refer to [GID](#) section 5.2.2 “Applicants in the Proposal Phase/NSOs” and Annex 2 for details.

#### **CN VI-04 Can a ministry suggest more than one legal entity to become Applicant Support Partner?**

Yes, it is possible that the Applicant Support Partner is made up of a consortium of legal entities. Please also check FAQ 23.

### **Eligibility of Sectors and Technologies**

#### **FAQ 30 Are there any eligibility criteria or restrictions of the NAMA Facility regarding certain sectors and technologies?**

The NAMA Facility has no sectoral focus. Therefore, in principle, NSPs from all sectors with a relevant mitigation potential are eligible. It is, however, required to demonstrate that the NSP supports transformational change towards a carbon-neutral pathway.

The NAMA Facility’s interpretation of transformational change encompasses a significant technological paradigm shift that is quicker than business-as-usual, irreversible/permanent (i.e. not slipping back to the situation before the project) and backed by a strong political will and commitment to implement these changes.

Therefore, certain technologies targeting a fossil fuel switch, a reduction of gas flaring, upgrading and modernising fossil fuel-based energy generation (e.g. coal) or a replacement of rolling stock in transport with more efficient fossil fuel-based vehicles are likely to find it challenging to demonstrate the potential for transformational change towards a carbon-neutral development pathway.

Based on the assessment of proposed NSPs from previous Calls, the NAMA Facility has compiled lessons learnt for certain (sub-)sectors and technologies, including waste; transport; renewable energy; energy efficiency in buildings, appliances and cook stoves; forestry and agriculture and supply chain approaches (4<sup>th</sup> Call [webinar](#); 6<sup>th</sup> Call [webinar](#) and [presentation](#); 5<sup>th</sup> Call [webinar](#)). Applicants are strongly advised to consult these and other NAMA Facility dissemination sources.

#### **FAQ 31 In contrast to the previous Calls (besides the Ambition Initiative Call), the Ambition Initiative - Round Two now also considers NSPs that aim at piloting innovative technologies. Is it mandatory for NSPs to focus on innovation? Will only pilot technologies be eligible for receiving funding in the Ambition Initiative - Round Two?**

No, it is not mandatory for NSPs to focus on innovation and novel technologies. Under the Ambition Initiative - Round Two, applications for NSPs that require a small sized pilot for novel technologies will be considered, but similarly to the previous Calls and in line with the mission and ambition of the

NAMA Facility, proven technologies will remain in focus of the NAMA Facility's support and will therefore remain eligible for receiving funding. The focus on novel technologies is optional for NSPs.

**FAQ 32 For NSP opting to pilot novel technologies: A) Will it be mandatory for the NSP to achieve the shift from the smaller pilot phase to the large-scale project within the NSP duration of maximum 66 months? B) Could you provide some examples of such novel technologies?**

A: It will be desirable to accomplish the shift to the large-scale project within the NSP's lifetime. In the Outline documents Applicants are requested to formulate key milestones associated with the smaller scale pilot phase, that need to be achieved before moving into the large-scale project phase. The specific milestones and criteria for the two stages will be determined as part of the in-depth assessments.

B: There is a substantial number of novel technologies that could be piloted as part of an NSP. Some illustrative examples are grid-scale battery storage, low emission steel and cement in the built environment, organic and low-input farming (e.g. through a combination of optimised on-farm nutrient recycling, optimised crop rotations, optimised tillage system and/or agroforestry) or industry decarbonization (e.g. cement, steel or chemicals / plastics industry).

**FAQ 33 Given the strengthened focus on innovation as part of the Ambition Initiative - Round Two, would the NAMA Facility consider NSPs as innovative if they pilot established technologies in a new setting / context? Would these NSPs, similarly to those featuring novel technologies, be allowed to have a "piloting stage" as part of their intervention?**

An NSP could not be considered as innovative if it pilots an established technology in a new setting / context. As the technology is considered to be mature, this NSP would not be eligible to have a small sized pilot before moving into a larger scale project.

**FAQ 34 Are individual investment projects considered for funding if they fit into the country's mitigation action?**

The NAMA Facility supports governments and their implementing partners in implementing (sub-) sector-wide mitigation actions, rather than single investment projects such as one solar PV plant or the refurbishment of a single building. The NSP must be transformational in nature, including elements of replicability and scalability.

**CN I-12 Is it possible that an NSP consists only of the "piloting" phase without moving into upscaling?**

No, an NSP would be required to accomplish the shift to the large-scale project within the NSP's lifetime. Please refer to FAQ 31 for further guidance.

**CN I-13 In the case of NSPs piloting novel technologies, is it required to clearly demonstrate the financial leverage from the private sector and how can it be done?**

In the case of NSPs piloting novel technologies, in the NSP Outlines, Applicants / ASPs are requested to formulate key milestones and outputs associated with the pilot phase. During an in-depth assessment (following a desktop assessment during the NSP Outline phase), these milestones will be further specified, and additional criteria might be added by the NAMA Facility Board. The achievement of the milestones and criteria defined for the pilot phase will be a prerequisite for transitioning to the large-scale project.



Please note that a mobilisation of funding from the private sector is not mandatory for the NSPs. However, the financial ambition, both in terms of public and private funding leverage, is seen as key for triggering the transformational change towards a carbon-neutral development pathway.

**CN I-14 Does the NAMA Facility and in particular its current Call, Ambition Initiative - Round Two, has a specific country, regional or sectoral / thematic focus? Can a regional project be submitted?**

Please refer to CN I-11.

**CN II-04 Does the NAMA Facility have a detailed list of technical and regulatory approaches that are eligible for support?**

No, the NAMA Facility is open to a wide array of approaches and aims to finance innovative projects that tackle specific local challenges for reducing GHG emissions in sectors and countries with strong potential for up-scaling, replication and the ability to influence wider sectoral changes. A set of characteristics that successful NAMA Support Projects have to demonstrate is outlined in GID, section 4.1. Please also refer to CN I-11, FAQ 30 and FAQ 50.

**CN III-04 Could the NAMA Facility provide further guidance on the eligibility of certain technologies, particularly, green hydrogen?**

Please refer to FAQ 30 for the clarification with regard to eligible technologies and sectors. You may also consult the existing NAMA Facility Portfolio for the examples of NSPs in DPP or Implementation.

Good to know: A Green Hydrogen project in Costa-Rica was selected for a Detailed Preparation Phase (DPP) under the first round of the Ambition Initiative Call.

**CN IV-05 Can an NSP include CO<sub>2</sub> sequestration in soils as a method of achieving mitigation? Would the mitigation impact be categorized as a direct or indirect mitigation potential?**

In general, an NSP can include activities of CO<sub>2</sub> sequestration in soils (i.e. increased capture and storage of atmospheric CO<sub>2</sub> in the soil carbon pool). As for any other mitigation technology, in the NSP Outline the Applicant needs to provide detailed information how this will be achieved. For CO<sub>2</sub> sequestration in soils, it will be particularly important to clearly describe how the mitigation effect will be determined.

Whether the mitigation effect is attributed to the direct or the indirect mitigation potential will depend on the activities undertaken to achieve it.

**CN V-03 Among the lessons learnt in the sector of energy efficiency (EE) presented during the [Webinar III - Clarifications & FAQs \(Ambition Initiative - Round Two\)](#), you have mentioned the need to consider different climate zones when designing housing interventions. Would this also apply to the European context, e.g. for countries that have limited temperature differences even across different climate zones?**

The existence of climate zones depends on a specific country context, and their impact on the EE savings potential would need to be assessed by the NSP. Per se, differences in temperature that are properly accounted for in the NSP design / intervention, have higher impact in terms of the potential

EE savings in comparison to other types of climatic differences, however it depends on technology and approach that is proposed under the NSP. In general, various possible impacts on the EE savings potential should always be considered, e.g. weather phenomena such as droughts and cyclones.

**CN V-04 Is it possible for an NSP Outline targeting EE in buildings to combine the intervention with the establishment of renewable energy (RE) technologies?**

Yes, if properly justified and conceptualised, NSPs can target more than one sector, in particular, RE and EE interventions can be integrated.

### Eligible Support Instruments in NSPs

**FAQ 35 Does the NAMA Facility provide technical assistance for the preparation of national mitigation actions like NAMAs or for the preparation of NSP Outlines?**

No, the focus of the NAMA Facility's support is on the IMPLEMENTATION of NSPs. The NAMA Facility does not provide funding for the development of national mitigation actions like NAMAs or for the preparation of NSP Outlines. Support for the development of these should be sought from other sources.

The NAMA Facility will provide funding for the DPP of selected NSP Outlines to elaborate a comprehensive funding Proposal.

**FAQ 36 What financial mechanisms and products can be supported by the NSP?**

NSPs are expected to propose financial mechanisms that enable the leveraging of public and private funds in order to make best use of the grant provided by the NAMA Facility to the NSP.

This leverage can be achieved through a variety of financial mechanisms and products. The chosen mechanism(s) or product(s) should be the most appropriate and feasible one(s) to overcome identified key barriers. Potential mechanisms include (but are not limited to) guarantee schemes for commercial loans, soft loan programmes, and even direct grant payments. All supported financial mechanisms need to demonstrate that the subsidy element does not crowd out commercial finance (it should "crowd in" commercial finance), that it is the most efficient and effective solution for overcoming a certain barrier and that there is a clear phase-out concept for the mechanism – or other ways are shown to ensure a sustainable impact of the financing mechanism beyond the NSP's lifetime.

The NAMA Facility does not set a rule for the percentage blend of subsidies/credits/equity, etc., but the choice and mix of instruments should be adequately justified.

Applicants are strongly advised to consult the NAMA Facility's [publication](#) and [webinar](#) on financial mechanisms and their links to transformational change as well as the [presentation](#) and [webinar](#) on financial mechanisms of NSPs.

**FAQ 37 Is it permissible for the financial support mechanisms to evolve during the NSP implementation, e.g., starting at pilot scale and being refined for scale-up and post-NSP continuity?**

Yes, this is accepted by the NAMA Facility. However, the Applicant should bear in mind the lead times for the implementation of financial instruments and the maximum NSP implementation period

of 5 ½ years, and the risks of a shortened window of opportunity inherent in such a nascent mechanism to achieve the direct mitigation effects within the NSP Implementation Phase.

**FAQ 38 Is it possible to use NAMA Facility support for seed funding for a local climate fund?**

Yes, this is possible. The NSP should demonstrate clearly how it will mobilise additional funding and that it is ready for starting operations within the first year of the NSP Implementation Phase.

**FAQ 39 Is it permissible if the NAMA Facility funds are gradually replaced by a government tax or other levies?**

Yes, definitely. The NAMA Facility is open to the innovative use of domestic funds. The revenues from an appropriately levied government income could provide a sustainable source of funding. It is crucial to ensure and demonstrate a substantial level of commitment from the government to raise and already avail these domestic resources as early as during the DPP.

**FAQ 40 Is there any minimum ratio for the financial leverage, i.e. between the requested grant from the NAMA Facility and the mobilised public and private finance?**

No, the NAMA Facility does not request a minimum ratio for the financial leverage; however, during the assessment of NSP Outlines, the leverage ratio is taken into consideration in the country- and sector-specific context. NSPs that have been selected in previous Calls propose an average financial leverage ratio of 1:7, i.e. each euro of NAMA Facility funding provided to NSPs mobilises a further seven euros in additional investment.

**FAQ 41 Is the definition of financial leverage of an NSP limited to those funds that would not be spent on the same purpose in the absence of an NSP?**

Yes, this is correct.

**FAQ 42 Where in the NSP Outline should an Applicant indicate funds that will be required for the NSP implementation but are not leveraged by the NSP itself (for example, an existing government program, or a complementary project approved by another international or private sector funder)?**

Those budget items, if they will be essential for the implementation of the NSP, could be added in the Outline in section 4 “Expected Budget and Financing Structure of NSP Implementation Phase”. It will be important that the applicant explicitly states that those funds are available irrespective of the NSP being implemented. The amounts must not be included in the M4 and M5 indicator on public and private funds leveraged.

**FAQ 43 Is it acceptable if the national government is fully involved and committed but cannot directly financially contribute to the NSP funding, to instead contribute in-kind contributions, etc.?**

In-kind contributions may be counted. However, greater weight is given to directly mobilised funds by governments through public sector budgets, funds raised through taxes (and exemptions), grants, loans, guarantees etc. In the assessment process, the country context – in terms of public funds but also development of financial markets – is taken into account.

**FAQ 44 If there is no public funding contribution to the NSP, but public commitment through policy interventions, reforms, tax incentives, how is this considered?**

Policy commitment is encouraged, and quantifiable tax incentives would be taken into account in the assessment as enablers of transformational change. 'Hard' funding commitments might, depending on the specific country context in question, indicate a higher degree of ownership and sustainability of an NSP.

**FAQ 45 Do Applicants / ASP need to provide information on the sources from specific partners when indicating the potential leverage of public and private funds?**

Yes, the information on specific figures from both public and private sources should be provided together with an information on the status of negotiation/commitment. During the in-depth assessment, the state of commitment will be verified.

**FAQ 46 What kind of information does the NAMA Facility expect on the degree to which the funding is secured?**

For each distinct direct funding source used for the NSP implementation (including contributions from public institutions, private sector and from other donors), the degree to which the funding has been secured should be clarified, whether it is an existing funding stream, firmly committed or simply earmarked (e.g. included in the national budget plan approved for a certain year; or, has been in principle agreed without a formal commitment). Funding commitments from the government should be mentioned in the endorsement letter(s).

**FAQ 47 Does the readiness criterion for financial mechanisms mean that all financing mechanisms should be new and created within the NSP or could existing financial mechanisms be used?**

Existing mechanisms or variations thereof can be built upon provided that they specifically meet the objectives of the NSP. Examples from our current portfolio include existing loan guarantee schemes provided by national development finance institutions that have been adapted for NSPs. These scored well during the assessment as the institutions already have the relevant frameworks, contracts and processes in place to ensure a rapid implementation and the mechanism is associated with a high level of readiness.

**FAQ 48 Is the financing mechanism expected to have disbursed all funds and ceased operation by the end of the Implementation Phase of up to 5 ½ years, or can it continue to disburse even after the Implementation Phase has lapsed?**

In order to mobilise additional funding, financial mechanisms like guarantee funds or credit programmes could revolve and operate beyond the Implementation Phase. Hence, it is not expected that all funds are disbursed within the Implementation Phase. However, the success of an NSP is, among others, assessed based on investments WITHIN the Implementation Phase. The financial mechanism should start disbursing in the first year of the Implementation Phase 2.

Good to know: All NSPs must provide a phase-out/exit strategy for the NAMA Facility funding.

**FAQ 49 Can the NAMA Facility provide funding support to NSPs that require only a technical cooperation component (TC), whereas the financial cooperation component (FC) is instead completely financed by own resources (e.g. in case of a development bank or government budget)?**

This might be considered if the NSP can demonstrate additionality and a clear and direct link between the technical cooperation provided and the financial mobilisation and investments.

**FAQ 50 Are there any restrictions or limitations for the use of NAMA Facility funding for technical cooperation?**

No, there are no restrictions with regard to the types of technical support measures. The NAMA Facility expects that the technical assistance is linked to and enables investments in technologies, capacity development and behavioural changes driving carbon-neutral development pathways.

**FAQ 51 Does the NAMA Facility apply any minimum ratio for funding requested for the financial cooperation and technical cooperation?**

No, the NAMA Facility does not apply a minimum ratio between the requested funds for financial and technical support to cater for the different needs of support in different countries and sectors. Nevertheless, it is expected that the NSP can demonstrate that the TC funding provided by the NAMA Facility leverages funding from other sources for investments into climate friendly technologies.

While in the current portfolio of NSPs, the average TC to FC support ratio is 40:60, the NAMA Facility aims to increase this ratio in favour of FC support in future NSPs.

**FAQ 52 Can the NAMA Facility funding be combined with funding from other funds, e.g. bilateral or international sources, such as GEF, GCF?**

Yes, NAMA Facility funding can be combined with funding from other sources. However, the additionality of the NAMA Facility funding must be demonstrated.

**FAQ 53 Can carbon credits generated during the NSP implementation period be sold on the unregulated, i.e. voluntary market?**

In order to ensure the additionality of greenhouse gas emission reductions and of the Donors' contribution to international climate finance, no emission certificates or other emission credits (such as CERs or VERs) generated by NSPs may be traded on the market either during or after the NSP term. Certificates generated with the support from the NAMA Facility must be permanently cancelled.

The NAMA Facility funding may nevertheless be used to generate the emission reduction certificates (not to trade them) for the purpose of advancing the monitoring frameworks and creating the infrastructure for a stable functioning of the voluntary markets to allow for upscaling. The purpose of such support would be to ensure that the certificates that will be generated beyond the NAMA Support Project are of good quality, verifiable and demonstrably used to ensure the sustainable funding of climate protection projects.

**CN I-15 To what extent CO<sub>2</sub> certificates may be used for the voluntary market? What is the rationale behind the need to permanently cancel the certificates?**

A NSP may generate CO<sub>2</sub> certificates with the purpose of enhancing the framework conditions for a successful functioning of voluntary carbon markets. These certificates should nevertheless be permanently cancelled in order to avoid double-counting of the emission reductions generated with the support of the NAMA Facility funding. For further details please consult FAQ 53.

**CN II-05 Does the NAMA Facility expect that the regulatory framework in the sector that a NSP plans to target is fully developed and already favourable for the NSP implementation, or can advisory services to the government for further enhancement of the regulatory and legislative environment be part of the NSP?**

According to GID, section 4.1, NSPs should consist of a combination of policy and/or regulatory reforms and financial mechanisms. It is expected that the Technical Cooperation (TC) component of the NSP, focusing among others on the enhancement of policies and legislative conditions, will help create an enabling environment for the NSP implementation, its upscaling and sectoral transformation. Regulatory and / or fiscal reforms facilitated through the NSP's TC as well as its financial mechanisms will in turn channel financial flows into investments driving carbon-neutral development pathways. Thus, there is no expectation from the NAMA Facility that NSPs are implemented in a ready-made favourable regulatory environment, but that NSPs can significantly improve and drive forward the existing policy frameworks in order to make the promoted mitigation technology more attractive.

**CN IV-06 Where can we find some further guidance for the AFOLU sector, including examples of business cases?**

Additional guidance for the AFOLU sector has been developed as part of an upstream support to climate fund applicants for the NAMA Facility's latest funding round, the Ambition Initiative – Round Two. It resulted in a [webinar](#) focusing on the lessons learnt and recommendations for the AFOLU sector as well as in the [report](#) "Harnessing the mitigation potential of the Agriculture, Forestry and Other Land Use (AFOLU) Sector: lessons learnt from the NAMA Facility portfolio (2013-2020)". Make sure to consult these materials when developing an NSP Outline in the AFOLU sector.

As regarding business cases, the NAMA Facility does not provide sector-specific examples. General information on business cases and financial support mechanisms is provided in the [webinar](#) "Financial Mechanisms and the NAMA Support Project" and the [publication](#) "Financial Mechanisms in the NAMA Facility".

**CN V-05 Can the NAMA Facility funding be used to provide guarantees to financiers / investors as part of the NSP's financial mechanism?**

Yes, it is possible for the NSP to use the NAMA Facility funding to establish a guarantee fund, but it is worth keeping in mind that the design of the financial mechanism should be based on a thorough analysis of the existing market and respective barriers for investment. If a guarantee mechanism can help overcome these barriers, it can be proposed as part of the Financial Cooperation (FC) component. For more information and different designs of financial mechanisms, please make sure to check the [website](#) and consult the [NAMA Facility portfolio](#).

**CN VI-05 Are all private sector investments considered as leveraged funds? How can private sector investments play a role in a financial mechanism?**

Private investments as any type of investments mobilised by the NSP are considered as "leveraged funds". Through the investments, private sector stakeholders can participate in the financial mechanisms and products offered by the NSP, e.g. in a form of a collateral, equity, loan guarantee. Please refer to CN I-06 for details.

## **Submission of the NSP Outline and Annexes**

**FAQ 54 How many endorsement letters from national ministries must be submitted with the NSP Outline and to whom should they be addressed?**

Typically, two endorsement letters are expected, as each NSP Outline should include an endorsement letter of the relevant national ministry in charge of climate / environment AND the national line ministry/ies concerned.

Only if the ministry in charge of climate / environment is also the responsible sector ministry, then one endorsement letter from this ministry would be sufficient.

The letters should be addressed to the NAMA Facility Board.

Good to know: During the assessment, the NAMA Facility does not prioritize NSPs Outlines that have been submitted by a ministry vs. those submitted by a legal entity. It is up to the submitting parties (ministries, legal entities) to decide who submits the NSP Outline.

**FAQ 55 If the ministry itself is the Applicant that will submit the NSP Outline, is the endorsement letter still needed?**

Yes, endorsement letters from the relevant line ministry, as well as the ministry in charge of climate / environment (if different) are still required in this case.

**FAQ 56 Must NSOs, main implementing partners and the ASP also provide support letters with the NSP Outline submission?**

No. For the submission of the NSP Outline, there is no such requirement. Only endorsement letters from the relevant ministries of the applying government are required. Additional support letters can be submitted, if available. This is in particular recommended for partners that are expected to provide financial contributions. Such support letter would help to demonstrate the level of certainty of the co-funding.

**FAQ 57 What is the expected content of the endorsement letter and the level of signatory in the endorsement letters?**

Annex 1 of the NSP Outline template (on the endorsement letters) lists aspects that should be considered in the governmental endorsement letters. The national ministries providing the letters are certainly free to formulate the letter as they deem appropriate. Each endorsement letter should be signed by a duly authorised representative of the ministry; the NAMA Facility does not prescribe the level of signatory, however a high-level endorsement might be considered as a stronger indication of the governmental commitment and engagement.

Good to know: The NAMA Facility does not expect Applicants to submit originals of letters – a scanned version is completely sufficient. During the assessment process, endorsement letters are carefully studied as an indicator of national political commitment and embeddedness. If the endorsement letter includes a financial commitment of public funding, this can (in terms of the assessment) substantiate the NSP's aspiration of public funds leveraged.

**FAQ 58 For a resubmission of an NSP Outline from the previous Call, should the ministry's endorsement letter(s) be updated, or can the endorsement letter(s) from the last Call be resubmitted?**

In order to ensure the full endorsement of the national government and also demonstrate continued support, the NSP Outline should be accompanied by updated letter(s).

**FAQ 59 Should the endorsement letter state the endorsement of the Ministry to the DPP or also of the Implementation Phase?**

The endorsement by Ministries should cover the full NSP, that is in particular the Implementation Phase.

**FAQ 60 Do the endorsement letters have to be written in English or is the official country language sufficient?**

All documents provided with the Outline need to be in English. Endorsement letters can be in the official country language too, but in that case an English translation will be required in addition to the version in country language.

**FAQ 61 If a country has not formulated green recovery plans as a response to the Covid-19 pandemic, is it still mandatory to cover the topic of green recovery in the Outline?**

Yes, even if no official green recovery plans have been formulated so far, the topic should be covered in the Outline in section 2.4 titled “Embedding”. This could be done by explaining which individual measures (monetary, political, economic, etc.) have been developed in the country of NSP’s intervention to mitigate negative consequences of the Covid-19 pandemic, whether these measures or some of them can be considered “green” and how the NSP can contribute to a wider uptake of green solutions to build back economies and sustain growth during and after the Covid-19 pandemic, despite no holistic green recovery plans/strategies are so far available.

To monitor an NSP’s contribution to green recovery after the Covid-19 pandemic, in the Ambition Initiative - Round Two NSPs are asked to monitor and report on an additional mandatory core indicator: *M6 - Contribution of the NSP to the country’s measures to promote green recovery from the impacts of the Covid-19 pandemic*. Applicants are required to cover the new M6 indicator in Annex 2 titled “Logframe”. For information on other mandatory core indicators, please take a look at the GID, section 6.1 “Monitoring and Evaluation”.

**FAQ 62 Is it obligatory to submit the new Annex 5 “Business Case and Financial Mechanism”?**

Yes, it is obligatory to submit Annex 5a “Business Case and Financial Mechanism”, which must be supplemented by a mandatory additional document to showcase calculations behind the business model. For that, a template provided by the NAMA Facility (Annex 5b) or the Applicant’s own spreadsheet can be used.

To summarize: With each application, Annex 5a “Business Case and Financial Mechanism” as a MS Word document as well as a separate MS Excel spreadsheet (or similar) including underlying calculations must be submitted.

Please note: Applicants are required to use formulas in the spreadsheet, instead of only providing hard-coded figures.

**FAQ 63 As the financial support mechanism is a very important part of the NSP, how detailed do you expect the section to be in the NSP Outline exactly?**

The financial scheme should be sufficiently elaborated to allow the NAMA Facility to assess its feasibility and appropriateness in the country and sector context. Aspects such as indicative costs, institutional set-up, legal and governance structures should be covered to the greatest extent possible. In the Ambition Initiative - Round Two, Applicants are requested to submit Annex 5a and Annex 5b on the Business Case and Financial Mechanism as two mandatory annexes. Additional details are to be further elaborated as part of the DPP.

**FAQ 64 Where can we find additional guidance on how to fill in Annex 5a “Business Case and Financial Mechanism”?**



On the NAMA Facility's website, you can find a [podcast](#) that walks you through the Annex 5a and provides guidance on how to fill it in.

**FAQ 65 What are the exact differences between 'outputs', 'outcomes' and 'impacts'?**

Impacts are the mid- and long-term direct and indirect effects of the NSP. Outcomes are the overarching direct project goal. It includes direct effects that can be causally attributed to the NSP interventions and that reflect the utilisation of the outputs by the target group. Outputs cover products, goods, services and regulations/standards that have arisen as a result of the NSP activities. Additional information can be found in the [Monitoring & Evaluation Framework of the NAMA Facility](#).

**FAQ 66 Can we submit further annexes with additional information, i.e. will they be taken into account during the assessment process?**

The NAMA Facility does not expect any additional annexes and cannot guarantee that these will be taken into account during the assessment of the NSP Outline. If additional annexes are needed to support the business model of the NSP, they can be considered by the NAMA Facility.

**FAQ 67 Where can we find additional guidance on how to fill in Annex 6 GHG mitigation potential?**

On the NAMA Facility's website you can find one filled-in [fictional Annex 6](#) that was prepared in the course of the 7<sup>th</sup> Call as guidance for Applicants as well as a [podcast](#) that walks you through the Annex 6 and provides guidance on how to fill in the Annex.

**CN I-16 Should the NSP Outline compare first NDC with an updated submission?**

It is recommended that the Applicants / ASPs follow the guiding questions in the NSP Outline template. According to these questions, it is essential in section 2.4 of the NSP Outline template to summarise the national climate policy context including the first updated or second NDC and the level of ambition of the first updated or second NDC. It should also be explained in the NSP Outline, how the NSP is embedded into the respective ambitious and enhanced NDC and therefore meet the targets of the Ambition Initiative – Round Two. A direct comparison of the first NDC with an updated submission is not necessary.

**CN II-06 Where does an Applicant or an Applicant Support Partner (ASP) can find guidance as of how to fill in the application documents?**

Each template in the set of application documents under Ambition Initiative - Round Two includes detailed guidance for applicants helping them to fill in the NSP Outline template and Annexes correctly. The TSU has also published two podcasts on [Annex 5a Financial Mechanism](#) and [Annex 6 GHG mitigation potential](#) respectively providing step-by-step instructions for filling in the Annexes. It is also helpful to consult the checklist ["Before You Submit the NSP Outline: Critical Questions & DOs and DON'Ts"](#). Last but not least, a fictional [NSP Outline "Towards Carbon-Neutral Totinia Now!"](#) from the 6th Call can be used as an additional example of how the information on a NSP can be presented in the NSP Outline template. Please also refer to FAQ 6.

**CN II-07 What is the expectation of the NAMA Facility with regard to the level and depth of the national endorsement of a NSP?**

The NAMA Facility expects a high level of coordination and cooperation between the Applicant or Applicant Support Partner (ASP) and the national ministries (i.e. the Ministry responsible for climate policies and the line Ministry in the sector that the NSP plans to target if different from the climate-related Ministry). Already at the Outline stage, endorsement letters serve as a proof of a full

governmental commitment and high level of national ownership as well as are supposed to demonstrate continued support for the entire duration of the NSP, that is in particular the Implementation Phase. For additional information on the content of endorsement letters, please refer to FAQ 57.

Good to know: If after a desk-based assessment the NSP Outline is approved to enter the in-depth assessment stage, an Applicant or an ASP will be requested to organise interviews with the national ministries and agencies that are crucial for the NSP implementation, therefore a close cooperation and coordination of efforts is expected not only between the Applicant / ASP and the government, but also across the governmental institutions.

**CN III-05 The NSP Outline template section 2.2 asks for the number of units supported by the NSP. Could you provide examples of relevant “units” for the AFOLU sector?**

The term “unit” in the NSP Outline template is applied in line with the definition provided in the application document Annex 5a - Business Case and Financial Mechanism. According to Annex 5a, “unit” is a determinate quantity adopted as a standard of measurement by the NSP (e.g. kWh, km, t per day etc.). In case of each NSP a “unit” will be selected individually but applied unanimously across all application documents and calculations.

Examples of "units" in the AFOLU sector include, but not limited to, a number and species of trees to be planted per ha, hectares of land where climate change mitigation practices will be applied, etc.

**CN III-06 In the Logframe (Annex 2), indicator M3 is divided in M3.1 and M3.2 with a guidance that they should be from two different “results categories”. Could you clarify what is meant by a “results category” and possibly give some examples?**

Details on the mandatory core indicators are outlined in the [Monitoring & Evaluation Framework of the NAMA Facility](#). In particular, on p. 44, it is described in detail which approach and considerations should underlie the indicator M3 and the supporting "results categories". The latter may be exemplified as follows:

1. Decision-makers or decision-making entities in the implementing country (e.g. parliament, business associations) take landmark decisions aimed at moving the country towards low-carbon sustainable development (which alter the behaviour of or provide incentives for a greater number of individuals or institutions).
2. Lock-in effects or path dependencies that incentivise or firmly establish carbon-intensive, non-sustainable patterns of behaviour over a long period of time are broken up or avoided as a result of the NSP’s activities, and/or new path dependencies that incentivise or firmly establish low-carbon sustainable patterns of behaviour are established as a result of the NSP’s activities.
3. Replicable, scalable and/or long-lasting financial instruments for financing low-carbon sustainable development (e.g. technologies, business models, etc.) have been established as a result of the NSP’s activities.
4. As a result of the NSP’s activities, climate change aspects are integrated and mainstreamed into one or more of the following: major policies, plans, strategies, or the curricula of different educational institutions.
5. Low-carbon sustainable approaches or instruments (e.g. business models, market mechanisms, financing solutions, etc.) that have been tested or piloted within or independent of the NSP are scaled up or replicated (e.g. geographically) as a result of the NSP.
6. As a result of the NSP, an organisation, institution or committee (e.g. a climate change authority, etc.) that is committed to low-carbon sustainable development is being established or significantly strengthened and is lobbying for the changes needed to deliver this kind of development.

**CN III-07 Could you provide any further guidance on the understanding of the new indicator M6 for green recovery from the impacts of the Covid-19 pandemic?**

An attempt to link NSPs and climate change mitigation activities with broader green recovery efforts to support the "build back better" approach is one of the new characteristics of the two rounds of Ambition Initiative. While each NSP is free to define the M6 indicator on its own, depending on the sector and overall concept of the intervention, the main aim of M6 should be a quantitative measurement of the NSPs' efforts to facilitate a wider uptake of green solutions as countries recover from Covid-19 pandemic.

Examples of green recovery measures include, but not limited to, fiscal and policy measures supporting green growth; sectoral plans to accelerate transition towards low-carbon economies (energy efficient buildings, low-carbon transport, reduced plastic pollution); creation of green jobs; increase in biodiversity, etc.

Please note that M6 indicator should be aligned with the overall NSP concept and be causally linked to the activities proposed by the NSP. Please also refer to FAQ 61 for additional information.

**CN III-08 In cases when NSP's partners are expected to provide financial contributions, what kind of proof / confirmation would be required at the Outline stage?**

Please refer to FAQ 56.

**CN IV-07 Can you please provide more information on the application process?**

For more information on the application process, please refer to [GID](#), section 5 "NSP Selection Process".

**CN V-06 If an NSP foresees multiple sub-projects to be supported with the NAMA Facility funding, should a business model be presented at the sub-project level or at the level of the NSP as a whole (e.g. projection of allocation of funds to all sub-projects, respective repayments, etc.)?**

In case of multiple similar interventions / sub-projects supported through the NSP, it would be recommendable to (1) demonstrate a business model of a typical sub-project, incl. CAPEX and OPEX analysis, cash flows, return on investment, outlining different scenarios depending on lending conditions if relevant for the NSP's financial mechanism, and (2) provide a business case for the entire NSP featuring the allocation of funds to sub-projects, NSP-level cash flows, rate of repayments, etc. Please make sure to explain in the NSP Outline and Annex 5a, how the remaining funding will be phased-out / further used at the end of the NSP lifetime.

**CN VI-06 If the national ministry cannot provide a firm commitment in terms of financial contribution because it is not in charge of the budget source, can we submit an additional letter from the organisation in charge of the funding?**

Yes, this is possible and recommended as it would help to demonstrate the level of certainty for the co-funding.

**Detailed Preparation Phase (DPP)**

**FAQ 68 Does the NAMA Facility set an upper budget limit for the DPP?**

No, there is no explicit upper limit for the DPP budgets that can be requested from the NAMA Facility. Please keep in mind that large budgets requested for the DPP could be an indicator that the NSP risks not reaching a sufficient level of readiness for implementation due to the significant amount of preparatory work still required.

The appropriateness of the requested funding will be assessed on a case-by-case basis. As part of the finalisation of the DPP concept before a funding agreement is concluded, amendments to the budget might be necessary and will be negotiated with the Applicant or ASP. The budget as part of the DPP concept is subject to approval by the NAMA Facility Board. During the DPP itself, increases to budgets are not foreseen.

**FAQ 69 What were the average funding levels for DPPs in previous Calls?**

The average funding support requested by NSPs from the previous Calls for their DPP was approximately EUR 250,000. Please note that the requested funding volume and timeframe for the DPP is an indication of the NPS's level of readiness.

**FAQ 70 Where can co-financing for the DPP be included (Annex 4b does not include budget lines for co-financing)?**

In the Outline template, there is no specific section where co-financing from Applicants / ASP for the DPP shall be included. If you foresee to provide co-financing during the DPP, please address this in Annex 4a "DPP Concept". Annex 4b "DPP budget" shall only include the funds requested from the NAMA Facility for the DPP; that is why there is no specific budget line for co-financing.

**FAQ 71 What activities are eligible for support in the DPP?**

Supported activities should be focused on clarifying open issues necessary for the elaboration of a high-quality, detailed NSP Proposal that allows the NSP to quickly start the full implementation after approval of the NSP Proposal. Examples of supported activities include detailed baseline studies, sensitivity analyses of business models, detailing and modelling the financial mechanism, negotiations with implementing partners, defining steering structures for implementation, etc. Feasibility studies can be supported in limited cases only if specific details still need to be clarified; however, the overall technological and economic feasibility should already have been analysed before the NSP Outline is submitted to the NAMA Facility.

**FAQ 72 How long should we take to prepare the full NSP Proposal and can we only submit our NSP proposal in either month 10 or month 15, or also in month 11, 12, etc.?**

NSPs are expected to decide for a DPP of either 10 months or 15 months. Within these timeframes, they are expected to prepare and submit a comprehensive NSP Proposal that is ready for implementation. The length of the DPP is determined by the state of preparation (readiness) of the NSP and by the individual project setting. For example, it might take a certain period of time to conduct an in-depth financial analysis, to receive approvals from key implementing partners and/or to set up and conduct meetings with target groups. The expected duration of these activities should be estimated and budgeted accordingly.

It is possible to submit the NSP Proposal before the chosen DPP deadline of either 10 or 15 months (not after), but in your DPP Concept you still need to indicate either 10 or 15 months for the DPP duration.

Good to know: Taking the time to ensure a good quality of the NSP Proposal should be prioritized over a shortened DPP timeframe.

#### **CN IV-08 What is the difference between the DPP and the NSP implementation?**

In short, the DPP of either 10 or 15 months has the ultimate purpose of preparing a comprehensive Proposal for the NSP implementation, whereas the implementation of up to 5.5 years is the time in which the Outcomes and Outputs of the NSP will actually need to be achieved, and the planned activities implemented.

More information can be found in [GID](#), section 5.2 “NSP Detailed Preparation Phase / Proposal Phase” and section 6 “NSP Implementation”.

### **Contracting**

#### **FAQ 73 What procurement rules do Applicants, ASPs and NSOs need to follow if they want to contract a consultancy as an external service provider?**

In principle the regulations of the partner country are to be observed. However, the standard grant agreement that is to be signed between the grant recipient and GIZ (as the NFGA), contains procurement rules at a minimum standard. In summary, the grant agreement stipulates basic procurement regulations, which may be further expanded upon based on the partner country’s own procurement regulations. More information can be found [here](#).

#### **FAQ 74 Item 8 in the DPP budget form in Annex 4b is called “Forwarding of Funds – a separate budget needs to be provided”. Please explain what is meant by forwarding of funds and why and in which form shall the separate budget be provided?**

‘Forwarding of funds’ refers to those funds that are channelled by the main grant recipient (Applicant or ASP) to a consortium partner or implementing partner as a grant (in contrast to service contracts with consultancies).

If you intend to forward funds, you would be requested to fill out the corresponding sheets of Annex 4b for each of the partners to whom funds will be forwarded. The total amount of the forwarded grant funding will then calculate automatically on the sheet of the main grant recipient (Applicant or ASP) of the NAMA Facility funding.

#### **CN III-09 Is it possible to see an example of a Grant Agreement used by GIZ as NFGA for contracting Applicants / ASPs for a DPP?**

The example of a Grant Agreement can be found [here](#) for organisations based in Germany (in German) and [here](#) for all other organisations based outside Germany (in English). Please note that this document is only provided for information purposes. Your actual contract may differ depending on your actual project planning, or changes in rules and regulations applying to, or within, GIZ as NAMA Facility Grant Agent (NFGA).

#### **CN V-07 Is there a specific limit on administration (overhead) costs and if not, how will it be assessed whether the costs proposed by the NSP are reasonable?**

Up to a certain percentage that cannot be communicated publicly, the NAMA Facility Grant Agent (NFGA) accepts administration costs by default. If an Applicant / ASP requests a higher percentage, the NFGA uses its internal guidelines to assess the appropriateness of these costs. This is done on a case-by-case basis. As part of the finalisation of the DPP concept that takes place before the

conclusion of a funding agreement, amendments to the budget might be necessary and will be negotiated with the Applicant / ASP.

**CN VI-07 What procurement / contracting rules are to be followed in case of funding provision to partners of the NSP?**

At the Detailed Preparation Phase (DPP) stage, if the NSP foresees that certain funds are forwarded to the NSP partners, it should be reflected in Annex 4b - DPP Budget. Details and instructions for filling in the respective sheets are provided directly in the Annex. If the NSP plans to procure certain goods or services, the requirements stipulated in Article 6 of a contract for DPP should be followed along with the "[Contract and Award Procedure for Supplies and Services](#)" of GIZ as NFGA. We would recommend you to take a look at the [example of a contract template for DPP](#) on the NAMA Facility website. Please also refer to FAQ 73 for details regarding the procurement rules as well as FAQ 71 to learn more about activities that are eligible for support in DPP and thus can be funded by the NAMA Facility.

**CN VI-08 Does the NAMA Facility finance the procurement of material by the Government to implement a NAMA Programme at the national level?**

Yes, procurement of material could be part of the NSP; however, grant-based support for the procurement of material as a proposed financial mechanism will find it very challenging to argue for its sustainability and financial leverage effect.

**Last but not least...**

This has been the last round of clarifications in Ambition Initiative – Round Two. We hope, our clarifications and webinars have been helpful for you to prepare your NAMA Support Project (NSP) Outline.

**We are looking forward to receiving your NSP Outlines latest by 30 April 2022, 3pm CEST.**